



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

February 27, 2020

The Honorable Dereck E. Davis, Chair
Economic Matters Committee
House Office Building, Room 231
Annapolis, MD 21401

Re: House Bill 531- Utility Regulation - Consideration of Climate and Labor

Dear Chair Davis and Members of the Committee:

The Maryland Department of the Environment (MDE or the Department) has reviewed *HB 531 - Utility Regulation - Consideration of Climate and Labor*. The concept of assessing how new sources of greenhouse gas (GHG) emissions affect the State's overall GHG reduction goals is an important step towards continuing to reduce GHGs in the State. With that in mind, the Department would like to provide some information on the impacts of that assessment under HB 531.

HB 531 would amend section 7-207 of the public utilities article by adding climate change considerations to the certificate for public convenience and necessity (CPCN) process. The bill would require the PSC, before taking final action on a CPCN application, to consider the impact of a specific generating station on the annual and long-term statewide GHG emissions and the consistency of the application with the state's climate commitments for reducing statewide GHG emissions. As this requirement would fall under section 7-207(e), the PSC would likely be relying on MDE to complete this assessment.

If the intent of this language is to require a full quantitative assessment of the statewide emissions impact of a generating station, the most thorough analysis would entail targeted electricity dispatch modeling to evaluate how the state's electricity system would operate both with and without the facility in question over the relevant time period for CPCN assessments. That would estimate not only the emissions from the facility, but also the accompanying change in emissions from all of the other relevant electricity sources in Maryland and in regions from which Maryland imports power, consistent with the cited definition for statewide emissions under section 2-1202 of the Environment Article. An assessment of statewide emissions would also include relevant upstream emissions, including leakage of methane from the transmission system supplying a generating station running on natural gas, to the extent that leakage occurs within Maryland. The references to greenhouse gas emissions in other parts of the bill are worded more broadly, and would cover upstream emissions outside of Maryland, including leakage of methane from the extraction, processing, and transmission systems in the states and regions that produce the natural gas that would be consumed in a Maryland generating station.

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MDE is working on obtaining the capability to perform such analysis using a simplified electricity dispatch model in-house. Such analysis would affect the Department operationally as it would require several weeks' work from an MDE engineer. If this bill's intent is to require an assessment using a more sophisticated electricity dispatch model, such as ones used by EPA and states to develop air pollution regulations, then MDE would need to award a contract for that work, which could cost as much as \$15,000 to \$20,000 per assessment.

Thank you for your consideration. We will continue to monitor *HB531 - Utility Regulation - Consideration of Climate and Labor* during the Committee's deliberations, and I am available to answer any questions you may have. Please feel free to contact me at 410-260-6301 or by e-mail at tyler.abbott@maryland.gov.

Sincerely,



Tyler Abbott

cc: George "Tad" Aburn, Director, Air and Radiation Administration